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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92046853
Party	Defendant Disney Enterprises, Inc.
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Attachments	Reply ISO Motion to Dismiss Cancellation No. 92046853.pdf (4 pages)(22226 bytes)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

STEPHEN SLESINGER, INC., Opposer, v. DISNEY ENTERPRISES, INC., Registrant.	Cancellation No. 92046853

REPLY BRIEF IN SUPPORT OF MOTION TO DISMISS

The United States District Court for the Central District of California has now held that SSI transferred ownership of *all* of SSI's rights in the Winnie the Pooh marks ("WTP Marks") to Disney: "***[U]nder the clear terms of the parties' agreements, SSI transferred all of its rights in the Pooh works to Disney***." Order (Motion to Dismiss Exhibit A) at p. 8, lines 6-7 (emphasis added). Based on this holding, the District Court entered final judgment dismissing SSI's trademark infringement claims against Disney. Each of the arguments in SSI's Response was previously made to the District Court, and considered and rejected by that Court. Thus, ownership of the WTP Marks has been fully litigated and resolved in Disney's favor.

In the face of that record, SSI blatantly misrepresents that the District Court "did not . . . resolve the issue of ownership" of the WTP Marks. SSI further misrepresents that the Court found that the parties' agreements were not a transfer of ownership but instead a license. These inexplicable misrepresentations are material, if not sanctionable. Disney's Motion to Dismiss[1] should be granted, because SSI does not own any rights in the WTP Marks and therefore lacks standing to cancel Disney's Registrations.

[1] Disney submits this Reply based on the TTAB Order mailed on November 5, 2009, suspending proceedings pending Disney's submission of a Reply and the Board's disposition of Disney's Motion to Dismiss.

I. THE DISTRICT COURT ENTERED A FINAL JUDGMENT THAT SSI TRANSFERRED ALL OF ITS OWNERSHIP RIGHTS IN THE WTP MARKS TO DISNEY AND THAT SSI RETAINED NO RIGHTS IN THE WTP MARKS

The Order unambiguously held that SSI transferred all of its rights in the Pooh works to Disney. Order (Motion to Dismiss Exhibit A) at p. 8, lines 6-7. SSI completely disregards this holding, and instead presents arguments nowhere supported and indeed contradicted by the Order:[2]

- SSI contends that "[t]he Order did not resolve the issue of what rights, if any, were solely and exclusively licensed to Applicant." This is directly contradicted by the Order, which states, "SSI granted to Disney all of the rights it had in the Pooh characters, and retained no rights[.]" *Compare* SSI's Response at pp. 3-4 *with* Order at p. 3, lines 6-10.
- SSI contends that "the 'transfer' of rights discussed in the Order refers to a licensing of those rights, not an assignment." This is also directly contradicted by the Order, which states, "SSI received 'certain rights' from Milne and 'further rights' in later agreements, and granted 'those rights it had acquired' to Disney." *Compare* SSI's Response at p. 3 *with* Order at p. 7, lines 2-4.
- SSI suggests that the Court's recognition that Disney continues to pay royalties in connection with the Winnie the Pooh characters makes the parties' agreements licenses rather than transfers of ownership. This contention is expressly refuted by what the Court did hold—that "SSI granted to Disney all of the rights it had in the Pooh characters, and retained no rights[.]" Order at p. 3, lines 6-10.

Because the District Court determined that SSI has no ownership interest in the WTP marks, SSI lacks standing to cancel Disney's Registrations and the Cancellation should be dismissed.

[2] Each of these misrepresentations rises to the level of sanctionable conduct. *See* TMBP §§ 527.02-03; *Central Mfg., Inc. v. Third Millenium Tech., Inc*., 61 USPQ2d 1210 at *1 (TTAB 2001). Based on the timing of this Reply Brief, however, Disney did not have an opportunity to seek sanctions under Rule 11.

II. THE DISTRICT COURT'S ORDER IS FINAL AND SHOULD BE GIVEN PRECLUSIVE EFFECT

The District Court's Order is immediately final and preclusive on the issue of ownership, regardless of SSI's appeal to the Ninth Circuit (filed November 5, 2009). "[T]he preclusive effects of a lower court judgment cannot be suspended simply by taking an appeal that remains undecided." *Robi v. Five Platters, Inc.*, 838 F.2d 318, 327 (9th Cir. 1988) (citing 18 Charles Alan Wright & Arthur R. Miller, Federal Practice and Procedure § 4433 (2d ed. 1981)). SSI was fully heard before the District Court, and the District Court's well-reasoned Order should be given preclusive effect. *Id.* For these reasons, SSI is precluded from litigating ownership of the WTP Marks and dismissal without prejudice is the appropriate result.

CONCLUSION

SSI's assertion that the District Court did not determine ownership of the WTP Marks is completely false. The District Court determined that SSI has no ownership interest in these marks, and SSI lacks standing to cancel Disney's Registrations. Disney leaves it to the Board to determine the consequences of SSI's misrepresentations, but, at a minimum, this Cancellation should be dismissed without prejudice.

Dated: November 18, 2009

Respectfully submitted,

By: /Mark E. Miller/
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and complete copy of the foregoing Reply Brief in Support of Motion to Dismiss has been served upon counsel for Opposer by mailing said copy via First Class mail on this November 18, 2009, to the following address:

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